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No. 587.

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1962

MUSKEGON PISTON RING COMPANY,
Petitioner,

vs.

ERNEST R. OLSEN and
NATIONAL PISTON RING COMPANY,
Respondents.

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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STATEMENT OF QUESTIONS

As presented by Petitioner:

> Where there is an actual and substantial controversy between the parties as to priority of invention — an indispensable statutory element of patent validity, is a patentee foreclosed from obtaining declaratory relief on the ground that the controversy does not involve a federal question arising under the patent laws?

As presented by Respondents:

> Does a complaint alleging that a defendant (who is not manufacturing or selling piston rings) claims that the plaintiff's assignor wrongfully appropriated defendant's disclosure of the subject matter of a patent under which the plaintiff is manufacturing reverse torsion-twist piston rings, allege an actual controversy arising under the patent law?

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More than a half century ago, Dean Roscoe Pound addressed the American Bar Association in a speech entitled "The Causes of Popular Dissatisfaction With the Administration of Justice." He pointed out the frequency with which jurisdictional disputes between the federal and the state courts have arisen. The American Judicature Society reprinted this speech in August, 1962, to point out the fact that this problem is as commonplace today as it was at the turn of the century.

In his article, Dean Pound concluded "It ought to be impossible for a cause to fail because brought in the wrong place." Despite the efforts to modernize federal procedure during this half century by revision of the judicial code in 1948, the adoption of the Declaratory Judgment Act and the adoption of the Federal Rules of Procedure, this Court is confronted in this case with at least three sharp attacks upon federal jurisdiction.

Respondent's brief asserts: (1) the federal courts cannot entertain a suit for a declaration of the validity or in-

validity of a patent based upon priority of invention against one who claims to be the first inventor; (2) that there is not a justiciable controversy under the Declaratory Judgment Act unless there is a violation of the patent by infringement; and (3) that the federal courts, even in a case involving a question under the patent laws, do not have jurisdiction to determine common law questions of alleged violation of confidential disclosures, in spite of the mandatory counterclaim requirements of Federal Rules of Civil Procedure, Rule 13(1).

That there should be room for such broad attacks on federal jurisdiction, supported by the array of cases and statutes listed on page i of respondent's brief, and that the Court of Appeals should have the depth of disagreement reflected in their opinion, are strong and cogent reasons why this Court should decide and clarify the principles relating to jurisdiction of cases arising under the patent laws, the Declaratory Judgment Act and the Rules of Civil Procedure. Without such an authoritative decision, there will continue to be grave doubt in the trial courts and in the profession concerning the scope of federal jurisdiction. Such doubts cannot help but continue to undermine the confidence of the public in our judicial system. The lack of acceptance of self-discipline in this area by the profession, without incisive correction by the courts, leads to a proliferation of cases over fine-split interpretations of jurisdiction.

Respondent's brief is a persuasive, although negative, argument pointing to the necessity of clarification by this Court. This case is one particularly fitting for consideration by this Court. The issue presented is fundamental, for it unlies the power of the federal courts to decide a case arising under a federal statute even though the facts of the case are capable of being used to frame a cause which would arise under the common law jurisdiction of the state courts. At stake is the right of the plaintiff to state a cause of action arising under a federal statute and to have security in the knowledge that he will be accorded his day in court on the merits of his cause without fearing the expense and risk of being shuttled back and forth between the state and federal courts on delicate and obscure points of procedure worthy only of the early evolutionary stages of the common law.

This case is a worthy vehicle for this Court to clarify this confusion in jurisdiction. It involves a pure question of procedure, uncomplicated by substantive overtones which so often obscure issues of this type. It is one of those rare opportunities in which a significant contribution can be made to the modernization of procedure.

Respondent's brief confuses the basic issue of whether this is a *case arising under* a federal statute or a case involving a *question arising under* a federal statute. The complaint determines this under our dual system of judicial powers. The answer to the complaint cannot change the essential character of the action since this is established and fixed by the cause of action initially pleaded.

In this matter, petitioner's basic cause of action arises out of the fact that petitioner's patent right has been challenged as void because not granted to the original inventor and petitioner has asked that the Court *determine the validity* of petitioner's patent. *No question of title or trusteeship arising out of misappropriation of inventorship is raised by the complaint.* Only the question of validity is raised.

The numerous authorities cited by respondent in support of his position are irrelevant to this case. All of the authorities cited on pages 6, 7 and 8 of respondent's brief, including the case of *Becker vs. Contour Laboratories*, 279 U. S. 388 (1929), are cases in which the complaint or initial pleading set forth *a cause of action* based on *title* to the patent or on the *declaration of a trusteeship* arising out of misappropriation. The complaint in this case does not plead such a cause of action. The circumstance that certain facts may be common to causes of action of both types *does not change the essential character of the type of case initially pleaded.*

Respondent's arguments on pages 2 through 5 of his brief are without merit. Under modern federal jurisprudence, respondent can and must plead into the case all existing claims against the same party arising out of the same transaction or occurrence. The District Courts have full power and authority to determine all the issues and to grant all the relief respondent could obtain in any action before a state court. Therefore, respondent is not deprived of any

right, privilege or advantage in trying this matter before a District Court.

The federal courts and the profession should be told again by this Court that the liberal purposes of the federal procedural statutes and rules must be liberally applied to permit litigants to present their cases, rather than being told that the courts themselves do not know clearly where cases should be brought, and that their cases should be tried piecemeal in two different court systems as respondents contend.

This case presents an opportunity to lay at rest one of the ghosts of antiquated procedure which persist in haunting our judicial system.

CONCLUSION

Petitioner respectfully requests this Honorable Court to grant the Petition for a Writ of Certiorari to issue to the Court of Appeals for the Sixth Circuit because of the importance to both the Bench and Bar of the issue of jurisdiction of the Federal Courts.

Respectfully submitted,

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